

Note: Section 136(d)(2)(C) of the Act requires States to address in their Annual Reports the "cost of workforce activities relative to the effect of the activities on the performance of participants." This attachment addresses one method states **may** use in meeting this requirement. This attachment is titled "WIA Financial Statement" and highlights the WIA Operating Results and the results of a Cost-Effectiveness Analysis.

WIA Financial Statement

| Operating Results | Available | Expended | Pct. | Balance Remaining |
|---------------------------------|------------------|-----------------|-------------|--------------------------|
| Total All Funds Sources | \$0 | \$0 | 0.0% | \$0 |
| Adult Program Funds | \$0 | \$0 | 0.0% | \$0 |
| <i>Carry in Monies (no add)</i> | \$0 | \$0 | 0.0% | \$0 |
| Dislocated Worker Program Funds | \$0 | \$0 | 0.0% | \$0 |
| <i>Carry in Monies (no add)</i> | \$0 | \$0 | 0.0% | \$0 |
| Youth Program Funds | \$0 | \$0 | 0.0% | \$0 |
| <i>Carry in Monies (no add)</i> | \$0 | \$0 | 0.0% | \$0 |
| Out-of-School Youth | \$0 | \$0 | 0.0% | \$0 |
| In-School Youth | \$0 | \$0 | 0.0% | \$0 |
| Summer Employment Opportunities | \$0 | \$0 | 0.0% | \$0 |
| Local Administration Funds | \$0 | \$0 | 0.0% | \$0 |
| <i>Carry in Monies (no add)</i> | \$0 | \$0 | 0.0% | \$0 |
| Rapid Response Funds | \$0 | \$0 | 0.0% | \$0 |
| <i>Carry in Monies (no add)</i> | \$0 | \$0 | 0.0% | \$0 |
| Statewide Activity Funds | \$0 | \$0 | 0.0% | \$0 |
| <i>Carry in Monies (no add)</i> | \$0 | \$0 | 0.0% | \$0 |

| Cost-Effectiveness | C-E Ratio |
|--|------------------|
| Overall, All Program Strategies | \$0 |
| Adult Program | \$0 |
| Dislocated Worker Program | \$0 |
| Youth Program | \$0 |
| [States may also include additional C-E Ratio analyses for individual strategies within programs.] | |

| Financial Position | Amount |
|---------------------------------|---------------|
| Total Assets | \$0 |
| Current Assets | \$0 |
| Property and Equipment, Net | \$0 |
| Operating and Other Assets | \$0 |
| Current Liabilities | \$0 |
| Liabilities Less Long-Term Debt | \$0 |
| Long-Term Debt | \$0 |

Operating Results

States are required to provide a snapshot of total WIA expenditures relative to total fund availability for the program year. The funds "available" column reflects the total WIA monies available through active grants, while the funds "expended" column represents the total monies spent during the program year. Please note the "fund sources" are the same as those reported to the Department by each state in the quarterly financial report. "Carry-in monies" are those funds available during the program year that were carried forward to the completed program year through active grants from previous years. Fund availability, carry-in monies, and expenditures must reflect the State's financial status at the end of the just-completed program year.

Cost-Effectiveness Analysis (COEA)

Cost-Effectiveness Analysis (COEA). Cost-effectiveness is a systematic quantitative method for comparing the costs of alternative means of achieving the same stream of benefits or a given objective. A program is cost-effective if, on the basis of life cycle cost analysis of competing alternatives, it is determined to have the lowest costs expressed in present value terms for a given amount of benefits. Cost-effectiveness analysis is appropriate whenever it is unnecessary or impractical to consider the dollar value of the benefits provided by the alternatives under consideration. This is the case whenever each alternative has the same annual benefits expressed in monetary terms, or, each alternative has the same annual affects, but dollar values cannot be assigned to their benefits.

Participant Cost-Effectiveness Analysis (COEA). This analysis should compare the relative value of various employment, education and training service strategies offered in a State. The overriding principle underlying this cost-effectiveness analysis is deceptively simple: Add up all of the monetary costs incurred by the strategy and divide this value by the effect or benefit to derive a cost-effectiveness ratio. While the costs are stated in dollars, the effect itself is not evaluated in dollars. Strategies seeking to achieve the same effects should be compared to one another.

At a minimum, the participant cost-effectiveness analysis should be done overall for all programs and separately for the adult program, the dislocated worker program, and the youth program. States are encouraged to identify strategies within each program and conduct cost-effectiveness analyses for these strategies. A strategy may be a single activity or a combination of activities to reach desired outcomes.

Estimating Costs

Many factors must be considered during the process of estimating the costs associated with various service strategies in a participant cost-effectiveness analysis. All actual and estimated costs for a complete cycle (such as a year) for each employment, education and training strategy should be included. These costs include partner-funded services in addition to WIA-funded activities.

Estimates are permitted in computing non-WIA program costs for each service strategy when it is not practical to report actual costs. The following factors should be addressed: activities and resources, cost sharing, personnel costs, direct and indirect costs, and oversight costs.

Identifying Effects

Effects are the service strategy outcomes that move toward the achievement of long-term intended participant impacts. At a minimum, States should include as effects the adult, dislocated worker, and youth performance outcome measures. The analysis should not include as an effect the customer satisfaction performance measures.

Effects are typically stated as numbers of persons attaining a defined outcome. All effects for a complete cycle (such as a year) should be included.

Stating Assumptions

Because a participant cost-effectiveness analysis often relies on many assumptions, it is important for States to document all of them, and, if possible, justify them on the basis of prior experiences or actual data. This can also be an opportunity to explain why some service strategies or outcomes, if appropriate, were not included in the analysis. Some strategies may be eliminated in the early stages of an analysis because misleading or illogical conclusions are likely to result. If that conclusion is based on an assumption, the assumption must be clearly explained and justified. States should also detail in their Annual Reports the method or approach used to compute the cost-effectiveness ratios, the data sources, definitions of the service strategies being compared, the method for estimating costs for each service strategy, and any limitations the reader should be aware of when interpreting the results.